

Message Text

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ACTION TRSE-00

INFO OCT-01 NEA-09 ISO-00 SP-02 AID-05 EB-07 NSC-05

CIEP-01 SS-15 STR-01 OMB-01 CEA-01 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01

L-02 H-01 PA-01 PRS-01 USIE-00 AGR-05 FEAE-00 INT-05

SSO-00 NSCE-00 INRE-00 NSF-01 OES-03 CU-02 /089 W

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O R 101330Z FEB 75

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC IMMEDIATE 0175

INFO AMEMBASSY AMMAN

AMEMBASSY BEIRUT

AMEMBASSY CAIRO

AMCONSUL DHAHRAN

AMEMBASSY NEW DELHI

AMEMBASSY TEHRAN

AMEMBASSY TEL AVIV

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BEIRUT FOR RLO

E.O.: 11652: N/A

TAGS: USSAEC, EAID, SA, US

SUBJ: PRELIMINARY MEETING ON U.S./SAUDI ECONOMIC COMMISSION

AGENDA

REF : STATE 23623

BEGIN SUMMARY: WITH SOME AMENDMENTS, AGENDA FOR FIRST MEETING OF JOINT U.S./SAUDI ECONOMIC COMMISSION WAS AGREED TO BY MIN-STATE FINANCE ABA AL KHAYL FEB 6 IN RIYADH. TREASURY AND EMBASSY OFFICIERS FOUND CONTINUED HIGH INTEREST IN COOPER-ATIVE DEVELOPMENT OF AGRICULTURE, SCIENCE, VOCATIONAL, AND LIMITED OFFICIAL USE

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HIGHER EDUCATION. TECHNICAL COOPERATION AGREEMENT WILL RE-

QUIRE ONE OR TWO CHANGES BUT STILL SHOULD BE SIGNED THIS WEEK. INVESTMENT GUARANTEE AGREEMENT NOT YET SUBMITTED TO COUNCIL OF MINISTERS. SAUDIS ADJUSTING DOWNWARD ROLE FOR CORPS OF ENGINEERS AND ARE HOPING DISCUSS U.S. POLICY ON OIL TARIFF IN CONTEXT OF DESIRABILITY U.S./CANADIAN RELATIONSHIP FOR SAUDIS. MEETING SET FOR WASHINGTON FEB 26-27. REQUEST SECOND DRAFT AGENDA AND SCENARIO AS SOON AS POSSIBLE. END SUMMARY.

1. DEPUTY FOR SAUDI ARABIAN AFFAIRS LEWIS BOWDEN AND MS. BONNIE POUNDS ACCOMPANIED ECONOMIC COUNSELOR ON VISIT TO RIYADH FEB 5-6 DURING WHICH ROUGH AGREEMENT WAS REACHED ON THE AGENDA FOR THE FEB 26-27 MEETING OF THE COMMISSION IN WASHINGTON. THERE WERE FEW SURPRISES AND THE SPECIAL RELATIONSHIP CONTINUED TO MOVE FORWARD WITH PROMISES BY MINISTER OF STATE FOR FINANCE MUHAMMAD ABA AL KHAYL THAT THE TECHNICAL COOPERATION AGREEMENT WOULD BE SIGNED BEFORE THE MEETING AND THAT THE INVESTMENT GUARANTEE AGREEMENT, ALTHOUGH NOT YET SUBMITTED TO THE COUNCIL OF MINISTERS, WAS LIKELY TO BE APPROVED.

2. THE EXACT COMPOSITION OF THE SAUDI DELEGATION TO THE FIRST MEETING HAS NOT YET BEEN DETERMINED BUT IT WILL CERTAINLY INCLUDE THE MINISTER OF STATE; THE SAUDI COORDINATOR FOR THE COMMISSION, AND DEPUTY MINISTER OF COMMERCE, SOLIMAN SOLAIM; THE DIRECTOR GENERAL OF LABOR MUHAMMED FAYEZ; THE DEPUTY MINISTER OF AGRICULTURE TAHER OBAID; SOMEONE FROM THE MINISTER OF EDUCATION AND POSSIBLY SOMEONE FROM THE SCIENCE AREA. AS SOON AS THE MAKE-UP OF THE DELEGATION IS COMPLETED, THE EMBASSY WILL INFORM THE DEPT AND OTHER WASHINGTON ADDRESSEES AS QUICKLY AS POSSIBLE.

3. EXTENSIVE DISCUSSIONS TOOK PLACE ON GENERAL APPROACH TO SPECIAL RELATIONSHIP. DR. SOLAIM MADE THE POINT THAT ALL OF THE WORK SHOULD BE FOCUSED ON DEFINING THE OBLIGATIONS BOTH SIDES HAD IN THE RELATIONSHIP BEING UNDERTAKEN. WHAT DOES THE U.S. EXPECT ASIDE FROM THE SAG PAYING ALL OF THE COSTS? BOWDEN REPLIED THAT WHAT WAS NEEDED WAS A DEFINITION OF WHAT SAUDI ARABIA WISHED TO ACCOMPLISH AND IN WHAT TIME AND WITH WHAT PRIORITIES. IT WAS AGREED TO CONCENTRATE ON AREAS OF LIMITED OFFICIAL USE

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PROVEN AGREEMENT.

4. AGRICULTURE DEPUTY MINISTER OBAID SAID THAT HE LIKED THE WAY MATTERS WERE BEING ALLOWED TO DEVELOP: THAT THE GERMAN WAY OF SETTING OUT WHAT SHOULD BE DONE DID NOT FIT THE SAUDI OR THE AMERICAN WAY OF SEEKING ALTERNATIVES. THE U.S. COULD AND WOULD HE WAS SURE DO A TOP-NOTCH JOB. THE CENTRAL RESEARCH LABORATORY, THE WATER RESOURCE DATA BANK AND LAND MANAGEMENT

PROGRAMS, THE PRE-FEASIBILITY STUDY OF THE WADI DAWASIR PROJECT AND THE PROVISION OF SENIOR STAFF FOR THE MINISTRY WERE DISCUSSED, AND IT WAS AGREED TO GO AHEAD WITH ACTION IN ALL OF THEM. THE U.S. SIDE AGREED TO PROVIDE NAMES OF ALL THREE SPECIALISTS TO EVALUATE THE RESEARCH CENTER BY THE TIME OF THE MEETING IN LATE FEBRUARY. ON WADI DAWASIR, IT WAS AGREED TO DEFINE THE STEPS LEADING TO A PGE-FEASIBILITY AND EVENTUALLY A FEASIBILITY STUDY THAT WOULD BE CARRIED OUT WITH PRIVATE SECTOR CONTRACTS TO THE EXTEND POSSIBLE. MUCH OF THE WORK COULD BE DONE BY LOCAL PEOPLE.

5. SCIENCE AND TECHNOLOGY. U.S. SIDE MADE POINT THAT A TEAM WAS NEEDED TO SET PRIORITIES ON THE BASIS OF THREE MAJOR FACTORS: THE APPLICABILITY OF RESEARCH TO SAUDI NEEDS, THE AVAILABILITY OF SAUDI AND U.S. MANPOWER AND OTHER RESOURCES, AND THE LIKELIHOOD OF QUICK SUBSTANTIVE RESULTS. THE SAUDI SIDE WELCOMED THE SHORTENED VERSION OF THE NSF PROGRAM PAPER, EXPRESSED INTEREST IN ALL 18 RECOMMENDATIONS AND QUERIED AS TO WHEN THE TEAM MIGHT COME. A SAUDI NATIONAL CENTER FOR SCIENCE AND TECHNOLOGY NEEDED TO BE STUDIED. THE U.S. SIDE AGREED TO FURNISH NAMES OF THOSE WHO WERE COMING BY THE FEBRUARY MEETING. AFTER THE U.S. TEAM HAS VISITED, A SAUDI TEAM WILL COME TO THE STATES FOR FURTHER DISCUSSIONS. (REGARDING THE DESALINATION RESEARCH CENTER, WE HAVE LEARNED THAT AN MIT PROPOSAL TO BOTH ESTABLISH SOME RESEARCH FACILITIES AND CARRY ON TRAINING OF SAUDIS HAS BEEN APPROVED BY THE NEW SAUDI DESALINATION AGENCY UNDER PRINCE MOHAMMED BIN FAYSAL.)

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L-02 H-01 PA-01 PRS-01 USIE-00 AGR-05 FEAE-00 INT-05

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O R 101330Z FEB 75
FM AMEMBASSY JIDDA
TO SECSTATE WASHDC IMMEDIATE 0176
INFO AMEMBASSY AMMAN
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AMEMBASSY CAIRO
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BEIRUT FOR RLO

6. MANPOWER AND EDUCATION: BOTH SIDES AGREED THAT THE SUGGESTED SPECIAL AGENCY FOR MANPOWER PLANNING NEEDED ADDITIONAL DISCUSSION. THE U.S. SIDE AGAIN POINTED OUT THAT MOST VOCATIONAL TRAINING FACILITIES WERE STATE AND NOT FEDERAL OPERATED AND THE SAUDI SIDE AGAIN URGED STUDY OF THE IDEA OF SENDING TRAINEES TO THE STATES IN THE EARLY STAGES. REGARDING HIGHER EDUCATION, THE SAUDI SIDE REQUESTED AN APPRAISAL AND EVALUATION OF THE PRE-SENT SYSTEM INCLUDING CONSIDERATION OF THE ACADEMIC STRUCTURE, HOW EFFICIENT IT WAS IN MEETING IMMEDIATE NEEDS OF THE KINGDOM, THE ADMINISTRATIVE STRUCTURE, AND THE POTENTIAL FOR SPECIAL RELATIONSHIPS WITH INSTITUTIONS
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OF HIGHER EDUCATION IN THE U.S. IN THAT CONNECTION THEY URGED BOTH EXCHANGES AND JOINT RESEARCH PROJECTS AND DEGREE PROGRAMS. THEY REVEALED THAT HARVARD WAS TO ASSIST THE ESTABLISHMENT OF PART OF THE NEW UNIVERSITY BEING PLANNED IN THE EASTERN PROVINCE. COULD THE U.S. ESTABLISH A TEAM FROM DIFFERENT SOURCES INCLUDING UNIVERSITY ASSOCIATIONS AND INDEPENDENT UNIVERSITIES TO FORGE SOME OF THESE NEW LINKS? THE U.S. COULD AND WOULD. A SAUDI TEAM MADE UP OF PRINCE FAYSAL, DR. FAHD BANNYAN OF THE UNIVERSITY OF PETROLEUM AND MINERALS AND PERHAPS ONE OR TWO OTHERS WOULD ALSO VISIT U.S. SHORTLY.

7. STATISTICS: THE U.S. SIDE FRANKLY ASKED IF THE SAUDI SIDE WERE PREPARED TO RECEIVE THE 22-25 EXPERTS THAT HAD BEEN REQUESTED, WERE NOW COSTED AND WERE BEING OFFERED TO THE CENTRAL DEPARTMENT OF STATISTICS? THE SAUDI SIDE THOUGHT SO BUT THE TIMING OF ARRIVAL WAS UNSETTLED. (COMMENT: WE WILL TRY TO FIND OUT IF THIS IS A REAL OR IMAGINARY PROBLEM BEFORE THE FEBRUARY MEETING. IT IS VITAL TO SPEED THE PUBLICATION OF THE SUMMARY OF THE

FIRST CENSUS AS SOON AS POSSIBLE.)

8. CORPS OF ENGINEERS: THE U.S. SIDE POINTED OUT THAT THE DEPARTMENT OF DEFENSE WAS CONCERNED ABOUT THE INTRUSION OF THE CORPS INTO ACTUAL MANAGEMENT AND RUNNING OF THE PUBLIC WORKS DEPARTMENT. THE MINISTER OF STATE IMMEDIATELY SAID THAT THIS MUST HAVE BEEN A MISUNDERSTANDING; SAG ONLY DESIRED ADVISORY ASSISTANCE AND OF COURSE THE CORPS MIGHT HELP WITH SOME SPECIFIC PROJECTS BESIDES THE SETTING OF STANDARDS AND INSPECTION SYSTEMS. TECHNICAL ADVISORS WERE WHAT WAS NEEDED. IT WAS AGREED THAT THE MINISTER WOULD MEET UNDER EMBASSY AUSPICES WITH LOCAL CORPS REPRESENTATIVES BEFORE DEPARTURE TO WASHINGTON TO DISCUSS A MORE LIMITED ROLE. (COMMENT: SAG OBVIOUSLY WANTED MORE BUT WILL BE SATISFIED WITH A MORE MODEST PROGRAM. AN ATTEMPT WILL BE MADE TO DEFINE POSSIBLY USEFUL TECHNICAL ADVISORY FUNCTIONS FOR THE CORPS, WITH THE HELP OF A UN ASSIGNED AMERICAN ENGINEER, BEFORE MEETING WITH THE MINISTER.)

9. AGENDA: THIS WAS DISCUSSED PRIMARILY WITH DR. SOLAIM AND LIMITED OFFICIAL USE

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A SMALL GROUP OF THE TECHNICAL DEPUTY MINISTERS. HE URGED THAT THE DISCUSSION OF THE PRIVATE SECTOR COUNCIL BE DONE INFORMALLY (A COPY OF THE EB/TREASURY PAPER WAS LEFT WITH HIM AND THE EMBASSY WILL HAVE FURTHER COMMENTS ON THIS, BUT IN ANY CASE MINSTATE ABA AL KHAYL DOES INTEND TO ORGANIZE A VISIT TO THE STATES BY PRIVATE SAUDI BUSINESSMEN SOMETIME AFTER THE FEBRUARY MEETINGS.) THE SUBJECTS OF TRIANGULAR INVESTMENT AND USG POLICY TOWARD DOMESTIC INVESTMENT WERE ALSO ELIMINATED FROM THE FORMAL AGENDA BUT WILL BE DISCUSSED INFORMALLY. THE SUBJECT OF LONG-TERM U.S. OIL TARIFF POLICY AND THE SAUDI DESIRE FOR TREATMENT SIMILAR TO THAT GIVEN CANADA WILL AGAIN ARISE DURING THE FEBRUARY MEETINGS.

10. INVESTMENT GUARANTEE: A RECIPROCAL GUARANTEE WOULD NOT BE SOUGHT BY THE SAUDIS AT THIS TIME BUT THEY WISHED TO CONTINUE TO EXPLORE IT. COPIES OF THE 1933 TREATY WERE TURNED OVER TO THEM WITH THE OPINION THAT IT WAS NOT AN IDEAL VEHICLE FOR SUCH INVESTMENT PROTECTION. (COMMENT: EMBASSY BELIEVES THAT EVENTUALLY A REQUEST FOR HELP IN ESTABLISHING THEIR OWN WORLD-WIDE PROGRAM OF PROTECTION FOR PRIVATE SAUDI INVESTMENT ABROAD MIGHT BE ONE RESULT. WE WILL DISCUSS THIS WITH OPIC PRESIDENT FEB 22-23.) REVISED DRAFT AGENDA SHOULD BE TRANSMITTED AS SOON AS POSSIBLE TOGETHER WITH SUGGESTED FINAL SCENARIO.

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